



FY 98/FY 99 BUDGET FORMULATION GUIDANCE

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26 Mar 97



Outline

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 - » OSD
 - » DCMC
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- Issues
- Future

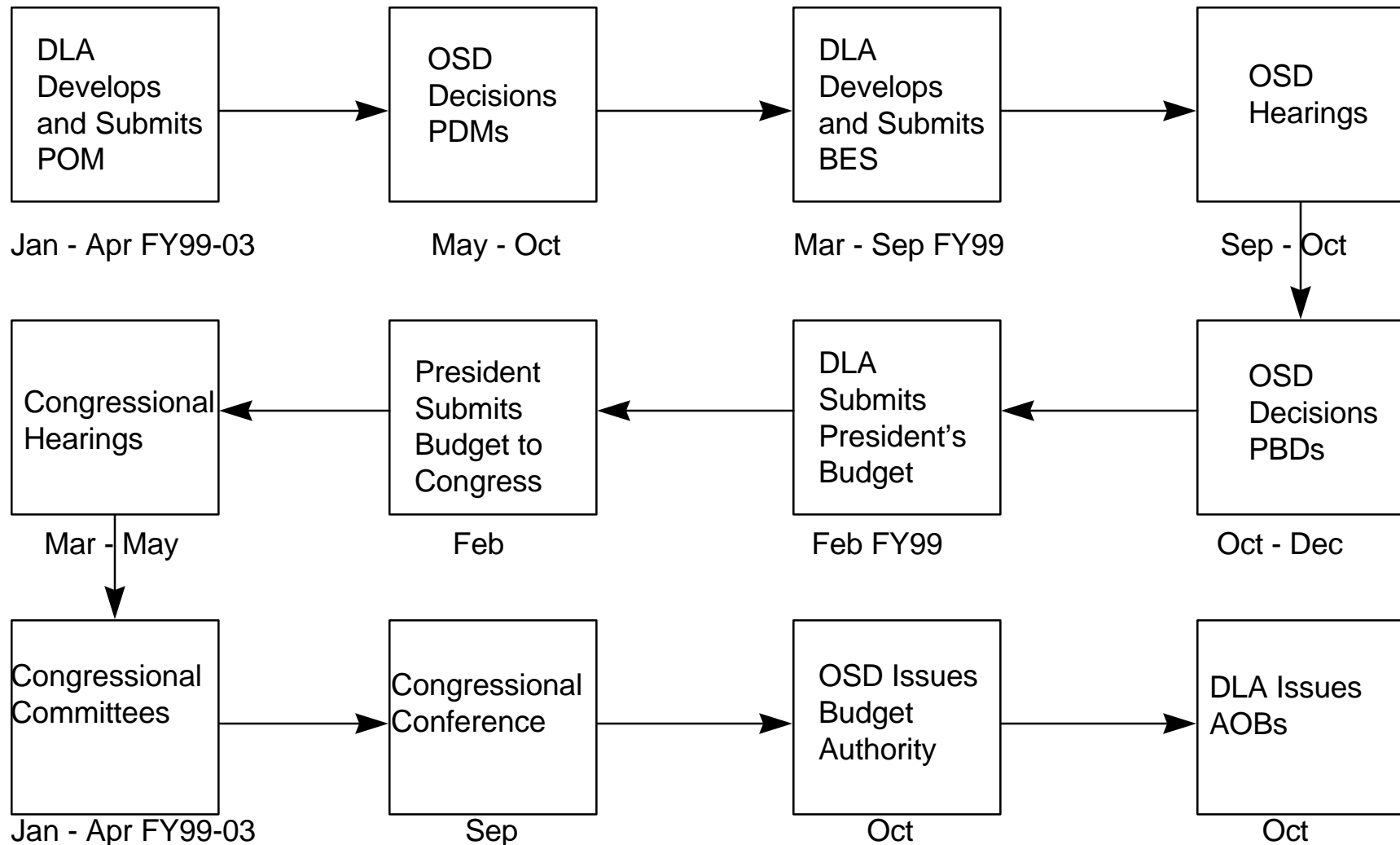


Objectives

- Improve the quality of the DCMC Budget Estimate Submission (BES)
 - » Look beyond the execution year
 - » Build the budget foundation on standard resource estimating models and CAO assessments
 - » Greater involvement of CAOs/Districts
- Link resource allocations to performance goals
- Improve the timeliness of the budget process

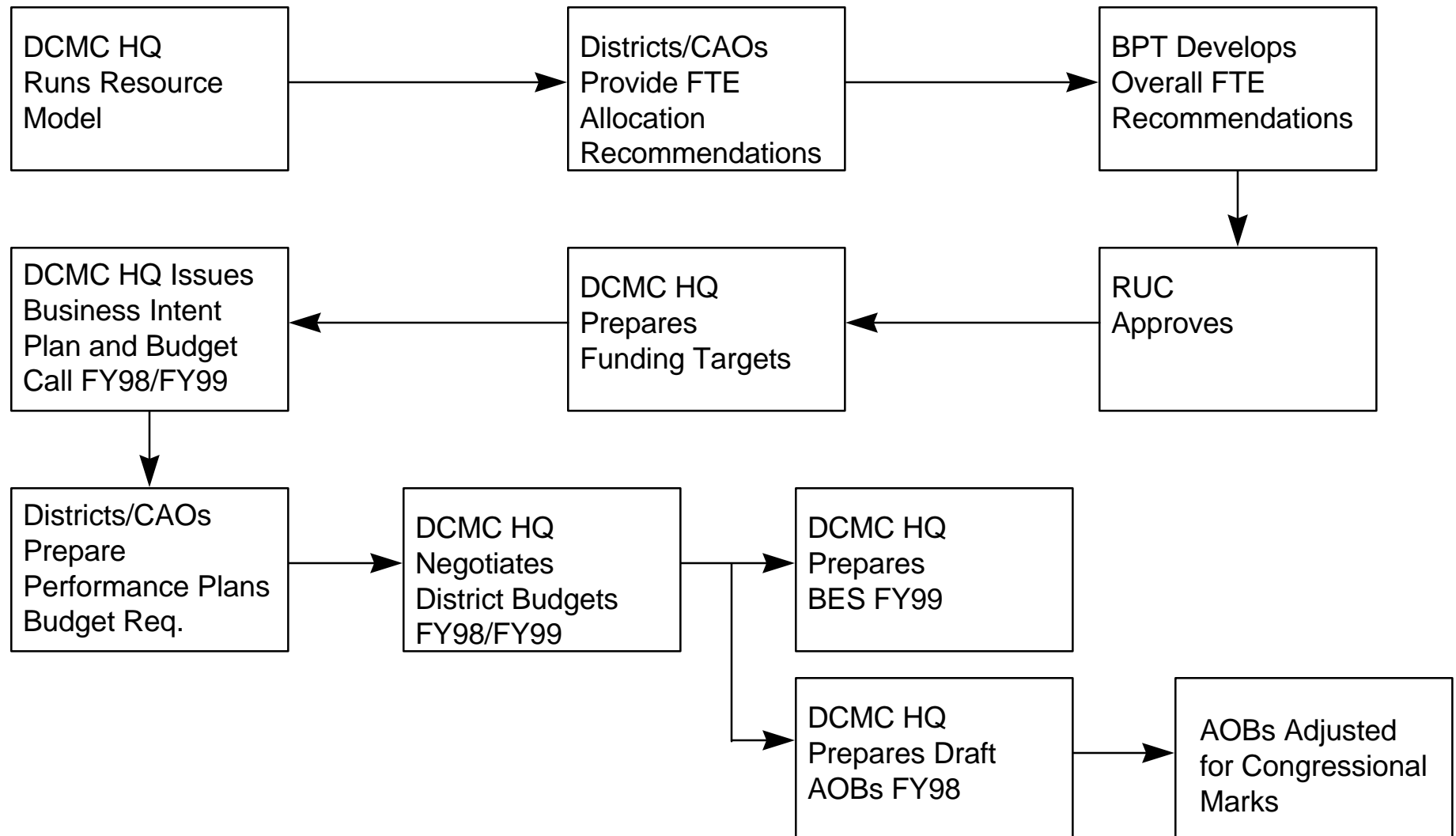


OSD PPBS Process





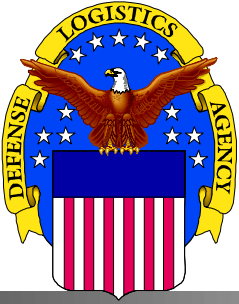
DCMC Budget Process





Budget Schedule

- Resource Model Feb
- RUC approves FTE allocations 13 Mar 97
- Business Intent Plan/Budget data call 24 Mar 97
- Workshop 25-27 Mar 97
- CAOs/Districts submit plan and budget 31 May 97
- Negotiate budgets 1-2 Jul 97
- Provide draft FY 98 AOBs to Districts 3-4 Sep 97
- Provide draft FY 98 CAO targets 30 Sep 97
- Submit BES Sep



Funding Target Approach

- Fully fund FTEs
 - » District FY 97 EOY estimate is the baseline
 - » Priced pay raise 2.8% in FY 98 and 2.2% in FY 99
 - » No grade growth
- No FTE reserve
- Non-labor
 - » ADP equipment and software managed centrally
 - » Current AOBs are the baseline with adjustments for training and “Center” non-labor
 - » Priced inflation 2.1% in FY 98 and FY 99
 - » FY 98 command reserve \$12.3M, no FY 99 reserve



Funding Targets (\$ Millions)

	FY98	FY99
Total Authority	1,134.6	1,149.0
Direct	950.8	964.8
Reimbursable	183.8	184.2
DCMDE		
Labor	418.1	416.6
Non-labor	55.8	56.9
DCMDW		
Labor	319.0	318.3
Non-labor	48.6	49.6
DCMDI		
Labor	42.3	42.3
Non-labor	30.1	30.7
ADP Equipment	27.3	36.4



Issues

- No system for tracking non-labor costs to performance goal
- Some PLAS codes are aligned to more than one performance goal
- Reimbursable projections
- QDR and Congressional marks not considered in allocations



Future

- Continuous planning and resourcing process
- We will improve the linkage between performance and resources with a unit cost approach in FY 98
- PLAS will be structured to support unit cost and the accounting system will be modified to collect non-labor costs by unit cost bucket
- Metrics will provide the non-monetary measures we need
- The process for estimating reimbursable earnings will be reviewed